

MEMORANDUM FOR: Acting Deputy Director (Administration)

SUBJECT : Rental of IBM Type X794 Electronic Searching Selector

1. PROBLEM. To obtain authorization to issue a letter of intent to rent one IBM Type X794 Electronic Searching Selector.
2. FACTS BEARING ON THE PROBLEM.
 - a. The IBM Type X794 Electronic Searching Selector is a newly developed punch card machine which has been specifically designed to provide a more rapid and versatile means of organizing, storing, and retrieving the informational content of documents. Production models of this machine are not available but the IBM Corporation has decided to hand-construct four pre-production experimental models. One of these machines will be used by IBM for its own documentation needs; one machine has been contracted for by the Battelle Memorial Institute; and one or both of the remaining machines will be available to this Agency.
 - b. The usefulness of such a machine to this Agency has been determined through experiments with laboratory models of the equipment which have been on gratis loan to the Agency for experimental purposes since April 1952. However, the full value of the proposed production model can only be realized through operational use and further experimental application to indexing problems, since it will incorporate changes in design and additional operating characteristics based on suggestions made by this Agency.
 - c. Organization & Methods Service has concurrence of OSI, ORR, OCD, and the Special Register, OCD, serving the indexing needs of OSI that one machine should be acquired for both operational and experimental use and that the O & M Service should be given the responsibility of administering in collaboration with interested Offices, the program involving the use of the machine.
 - d. The machines will require 14 months to construct. However, preliminary planning for fabrication has been started and it is necessary for the Agency to inform IBM now as to its intention to rent a machine.

- e. The rental of a machine has been fixed by IBM at \$1,400.00 a month with the understanding that the machine will be retained for a period of three years, for a total of approximately \$50,000.00 plus excise tax.

3. DISCUSSION.

It has been determined through actual experimentation with laboratory models and research, that the proposed machine can be profitably applied to certain existing punched-card indices and offers a potent new tool for solving other documentation problems in several areas of the Agency, (see Tabs A & B). In regard to those problems which are not now mechanized, procedures will be developed and tested with the proposed machine and if the tested procedures are found to be feasible, they will be placed on an operational basis.

It has been recommended by the interested Offices in the DD/I Area that O & M Service administer the experimental application and use of the machine.

The cost of the machine is considered to be reasonable in view of the benefits to be derived from its use and the fact that the pre-production models will be constructed by hand and not mass produced. The IBM Corporation has furnished all the funds required for research, development, and engineering, and will contribute still more to the program than will be realized through the rental obtained.

It is the opinion of the O & M Service that there will be a greater demand for the use of this machine in the Agency than one machine can handle. The request to order a second machine will be the subject of a subsequent staff study for PRC action. However, it is necessary for IBM to be informed now by a letter of intent as to the Agency's intention to rent at least one machine. If a second machine is to be secured, IBM must be so informed prior to 1 January 1954.

The first model will not be delivered and installed until January 1955, therefore no FY 1954 funds will be required. In FY 1955 \$9,240.00 (six months' rental plus 10% excise tax) will be required. The funds required for FY 1956, 1957, and six months of FY 1958 will be included in the budget requests for those years.

It is appreciated that we cannot now obligate future funds. The letter of intent would, therefore, have to be made subject to availability of appropriated funds and to that extent would be a "gentlemen's agreement." It is necessary that such a

letter be issued now. Subsequently, a contract covering the leasing of the machines will have to be negotiated. It is not possible to obtain bids since IBM is the only manufacturer of this machine.

4. CONCLUSIONS.

There are immediate benefits to be derived from the Electronic Searching Selector in connection with established punch card indices so that the Agency will receive immediate benefits from the expenditure of the funds required. In addition, the machine will be used for certain experimental work, now being undertaken, and other ideas now under study; all of which indicate that further benefits may be expected.

5. RECOMMENDATIONS.

It is recommended that:

- a. The renting of one Electronic Searching Selector for three years starting 1 January 1955 at \$1,400.00 per month plus excise tax be authorized, subject to availability of funds.
- b. The OAM Service be charged with responsibility for directing the initial utilization of the machine pending completion of experimental research concerning its application.
- c. OGD be given responsibility for initial and subsequent operation of the machine.

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O & M Examiner (Machines)

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Acting Management Officer

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Concurrences: Concur, subject to the availability of manpower in 1955 and subsequent years to implement Recommendation 5 c above.

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Assistant Director, OGD

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Acting Comptroller

Provided the letter of intent specifies that the arrangement is subject to funds being available in fiscal year 1955 and succeeding years. The

specific office which can finance this operation is not known at this time since specific provision was not made in the budget for financing this experiment. In view of the small amount involved, however, it is believed provision can be made during the reprogramming of 1955 fiscal year operations after appropriations are available for that year. This action anticipates the inclusion of this item in succeeding fiscal years' budgets.

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J. A. GARRISON
Chief of Logistics

This Office concurs in the foregoing, subject to negotiation of a satisfactory contract stemming from the Letter of Intent.

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Special Assistant to DI/I (Administration)

APPROVED:

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L. E. WHITE
Acting Deputy Director/Administration

Date 5 Dec 53

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